

CHAPTER NO. 996

SENATE BILL NO. 2123

By Cooper

Substituted for: House Bill No. 2330

By Kisber

AN ACT To amend Tennessee Code Annotated, Section 5-8-301, Section 6-56-106 and Title 9, Chapter 21, relative to investment of idle funds by local governments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 5-8-301(b), is amended by adding the following as a new subdivision (6) and by redesignating the existing subdivision accordingly:

(6) Nonconvertible debt securities of the following issuers provided such securities are rated in the highest category by at least two (2) nationally recognized rating services:

- (A) The federal home loan bank;
- (B) The federal national mortgage association;
- (C) The federal farm credit bank;
- (D) The student loan marketing association; and

SECTION 2. Tennessee Code Annotated, Section 5-8-301(d), is amended by adding the following as a new subdivision (2) and by redesignating the existing subdivision accordingly:

(2) In addition to the investments authorized in subsection (a), those counties having a population of not less than twenty thousand (20,000) nor more than one hundred fifty thousand (150,000) according to the 1990 federal census or any subsequent federal census may also permit investment of idle funds in prime commercial paper in accordance with the following:

- (A) Such paper shall be rated in the highest category by at least two (2) commercial paper rating services; and
- (B) The paper shall have a remaining maturity of ninety (90) days or less.

SECTION 3. Tennessee Code Annotated, Section 5-8-301(d), is further amended by deleting the words "Investment in such instruments" from the current subdivision (2) and by substituting instead the words "Investment in the instruments set forth in this subsection (d)".

SECTION 4. Tennessee Code Annotated, Section 6-56-106(a)(2), is amended by deleting the words "Nonconvertible debt securities of the following issuers" and by substituting instead the words "Nonconvertible debt securities of the following issuers

provided such securities are rated in the highest category by at least two (2) nationally recognized rating services”.

SECTION 5. Tennessee Code Annotated, Section 6-56-106(a)(8), is amended by adding the following as a new subitem (B) and by redesignating the existing subitem accordingly:

(B) Municipalities having a population of not less than twenty thousand (20,000) nor more than one hundred fifty thousand (150,000) according to the 1990 federal census or any subsequent federal census may also permit investment of idle funds in prime commercial paper in accordance with the following:

(i) Such paper shall be rated in the highest category by at least two (2) commercial paper rating services; and


(ii) The paper shall have a remaining maturity of ninety (90) days or less.

SECTION 6. Tennessee Code Annotated, Section 6-56-106(a)(8), is further amended by deleting the words “Investment in such instruments” from the current subitem (B) and by substituting instead the words “Investment in the instruments set forth in this subdivision (a)(8)”.

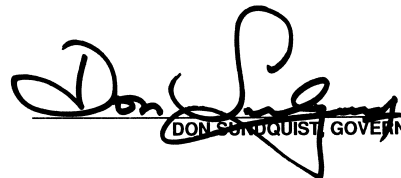
SECTION 7. This act shall take effect on July 1, 2000, the public welfare requiring it.

PASSED: June 28, 2000


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 30th day of June 2000


DON SUNDQUIST, GOVERNOR